

TESTIMONY OF THE COLORADO OIL & GAS ASSOCIATION*
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Environmental Issues Related to Increasing Natural Gas Production

Natural gas supplies approximately 23% of domestic energy consumption, including 19% of electrical generation. More than 50% of American households use natural gas for space and water heating. Natural gas is also an important feedstock in the chemical and fertilizer industries. The U.S. uses some 23 trillion cubic feet of natural gas annually, and consumption has grown 35% over the last decade. By 2015, the nation is projected to consume over 30 Tcf per year.¹

These new supplies of natural gas will increasingly come from the Intermountain West. The states of Montana, Wyoming, Utah, Colorado and New Mexico are estimated to have about 26% of the nation's gas reserves, and production over the last two decades has climbed 162%. Yet, most of the region's gas reserves are still in the ground. This contrasts with older, more developed gas supply regions such as the Gulf Coast and Midcontinent, where production has dropped from 5-20% over the past twenty years, and the majority of known reserves has already been produced.²

One of the keys to the Intermountain West's ability to meet the nation's growing appetite for natural gas will be development on federal lands. Federal ownership in the five major identified natural gas basins³ ranges from 38-72%, and some 36% (21.2 million acres) is set aside for national parks, monuments, wilderness areas or other special classifications.⁴

The remaining land areas in these basins, while nominally available for oil and gas leasing, present many access issues from an environmental and land use planning perspective. Under the Federal Land Management & Policy Act, the Bureau of Land Management is directed to prepare "Resource Management Plans" (RMP) incorporating the principles of "multiple use" and "sustained yield".⁵ Development or revision of an RMP is considered a major federal action significantly affecting the environment, and therefore requires preparation of an environmental impact statement (EIS).

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BLM is engaged in a process to update its entire land use planning base (over 160 plans) by 2012, and has identified a number of “time sensitive” plans related to energy development:

- **Roan Plateau** (Colorado) – 70,000 acre former Naval Oil Shale Reserve transferred from DOE to BLM for leasing by an act of Congress in 1997. May hold 5 Tcf of reserves, enough to heat all of Colorado’s homes (2.5 million) for a quarter century. Draft EIS scheduled for release in June 2003 is still on hold.
- **Powder River Basin** plan revisions (Montana & Wyoming) – amends Buffalo and Platte River RMP’s to authorize coalbed methane production; EIS Record of Decision issued April 30, 2003; lawsuits filed on May 1.
- **Farmington RMP revision** (New Mexico) – San Juan Basin is nation’s largest source of coalbed natural gas. San Juan Citizens Alliance and other groups filed suit 2/4/04 contesting EIS record of decision.
- **Price** RMP revision (Utah) – notice of EIS published November, 2001. Final EIS scheduled for summer of 2004 but draft EIS still uncompleted.
- **Vernal** RMP revision (Utah) – initiated in 2001 to combine Diamond Mountain and Book Cliffs RMP’s; scheduled for 2004 but no draft plan or EIS.
- **Jack Morrow Hills** coordinated activity plan (Wyoming) – Green River RMP, issued 1997, took seven years and deferred leasing decisions on 600,000 acres. Draft EIS released June 2000, but Secretary Babbitt required new process; supplemental Draft EIS issued 2/03; final EIS scheduled for 2004.
- **Pinedale** RMP revision (Wyoming) – highly prospective area; notice issued 2/25/02; 55,000 scoping comments received (mostly form postcards); EIS scheduled for 2004.
- **Great Divide/Rawlins** RMP revision (Wyoming) – significant new development, including Atlantic Rim coalbed methane potential; notice issued 2/25/02; EIS expected 2004.

As indicated, it is taking from three to seven years to accomplish these “time sensitive” plans, and most, if not all, will be litigated. Other opportunities exist to challenge energy development under these plans, once adopted. For instance, the Southern Utah Wilderness Alliance (SUWA) alleged that a proposed well location, road and pipeline right-of way were inconsistent with the Book Cliffs RMP because they were in the vicinity of a roadless area, even though, as the Interior Board of Land Appeals ruled, they were identified in the plan as available for leasing.⁶ This is an example of a challenge to an activity based on plan “conformance”. Challenges are also being made alleging that proposed oil and gas activity exceeds the “reasonably foreseeable development” projected in RMP’s. The IBLA has ruled that these scenarios are planning tools, not caps on the number of wells.⁷

The February BLM lease sale in Colorado saw challenges to parcels in the South Park⁸ and around Dinosaur National Monument.⁹ It is disingenuous for self-proclaimed environmental groups and “citizen alliances” to assert that the majority of federal lands in the Intermountain West are “available for leasing” when they file challenges or lawsuits against RMP’s, lease sales, drilling and seismic permits at every turn. Make no mistake, this effort to delay or reverse measures to permit oil and gas activity on the federal lands are well-financed and well-organized. The environmental obstructionist network has publicly labeled the Roan Plateau “Colorado’s ANWR”.

Region 8 of the Environmental Protection Agency is also contributing to delays in the planning process. Its *modus operandi* has been to wait until the last minute to drop in a letter raising “concerns”. This was especially notable with respect to the Powder River Basin plans, after EPA had declined to participate in the planning process itself.

This behavior has continued. Recently, EPA Region 8 wrote to the supervisors for the Medicine Bow/Routt National Forests and the Thunder Basin National Grassland regarding the *Big Porcupine Coal Bed Methane Project Environmental Assessment*. Region 8 asserted, at the end of a four year process, that additional water management analysis needed to be performed. This despite the existence of the Big Porcupine CBM Project Water Management Plan, and the necessity of obtaining Clean Water Act NPDES permits for actual water discharges. EPA also suggested additional air quality dispersion modeling – a lengthy and expensive proposition – despite the fact that comprehensive air quality analysis was conducted for the Powder River Basin EIS, and the Big Porcupine wells represent 0.5% (232) of the projected total PRB wells (39,367). Additionally, EPA suggested that the Forest Service “should disclose all mitigation for air quality impacts regardless of the USFS’s jurisdiction”. (The Wyoming Department of Environmental Quality “has the authority and responsibility to implement air quality mitigation”¹⁰)

These are examples of “paralysis by analysis” and a coordinated obstructionist strategy. And, it is having an impact on the ability of the Intermountain West to supply the nation’s natural gas needs. The Wyoming Oil and Gas Commission recently indicated that the state may exhibit a production decline in 2004, for the first time in eighteen years. This is a sobering prediction for energy consumers, and should set off alarm bells for public policy makers. Interior Secretary Norton set a goal of issuing 3000 BLM drilling permits in Wyoming this year, but the opportunities for delay and litigation discussed above make achieving that goal highly problematic.

In COGA’s experience, these obstacles to energy development are not restricted to the federal lands. Increasingly, paid “organizers” are mobilizing communities to pressure local elected officials to enact “drilling moratoria”, adopt onerous local regulations that duplicate or conflict with state oil and gas commission rules, or to

outright deny local drilling permits. Colorado courts have overturned local attempts to control well location, regulate water quality and quantity concerns, and to ban drilling. Yet, the Town of Firestone recently denied applications to drill four wells permitted by the state, despite a fresh Court of Appeals ruling against its neighboring town on this very point. As the Firestone mayor admits, this was a political decision. Few, if any, local elected officials can withstand “nimby” pressures -- not if they want to remain in office.

Nor is this problem restricted to oil and gas development. Opposition to a wind project in Nantucket Sound by, among others, Walter Cronkite and Robert Kennedy, Jr., has been highly publicized. The February 25, 2004, *Wall Street Journal* featured an article titled “People Favor Solar Power – but Not in Their Neighborhood”. Perhaps wind farms could all be built on the sparsely populated high plains, and solar power plants in the Nevada deserts. But heaven forbid that a transmission line be constructed to bring that energy to load centers.

It used to be an economic truism that “there’s no such thing as a free lunch.” But American energy consumers, encouraged by anti-development zealots, appear to believe that they can eat for free. It is incumbent on elected leaders to bring a measure of reality – of choices and consequences – to this important public policy debate.

The Colorado Oil & Gas Association is the business trade association for the oil and gas industry in Colorado. Its 300-plus company members include producers, gas processors and pipelines, power generators and gas utilities, a refiner, and allied service and supply businesses. COGA offices are at 1776 Lincoln Street, Suite 1008, Denver, CO 80203. The phone number is 303-861-0362.

¹ Source: DOE, Energy Information Administration.

² Source: National Petroleum Council & 2002 Potential Gas Committee report. Along with Alaska and Alabama, the five Rocky Mountain states are the only states that export more gas than they consume.

³ Montana Thrust Belt, Powder River, Greater Green River, Piceance/Uinta, Paradox/San Juan.

⁴ Energy Policy and Conservation Act study.

⁵ FLPMA Sec. 202

⁶ *Southern Utah Wilderness Alliance* 159 IBLA 220 (2003)

⁷ *Wyoming Outdoor Council* 156 IBLA 377 (2002); *Southern Utah Wilderness Alliance* 159 IBLA 220 (2003).

⁸ By the Center for Native Ecosystems and the Mount Evans Working Group of the Sierra Club.

⁹ By the Wilderness Society, Colorado Environmental Coalition, Biodiversity Conservation Alliance, Natural Resources Defense Council, Coalition of Concerned National Park Service Retirees, and the Campaign to Protect Public Lands.

¹⁰ Attachment to EPA Region 8 letter dated 2/5/04.